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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

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State Department review completed

Nº 41

22 August 1972

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Approved For Release 2003/10/21 : CIA-RDP79T00975A022600050001-5

Approved For Release 2003/10/21 : CIA-RDP79T00975A022600050001-5

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No. 0201/72
22 August 1972

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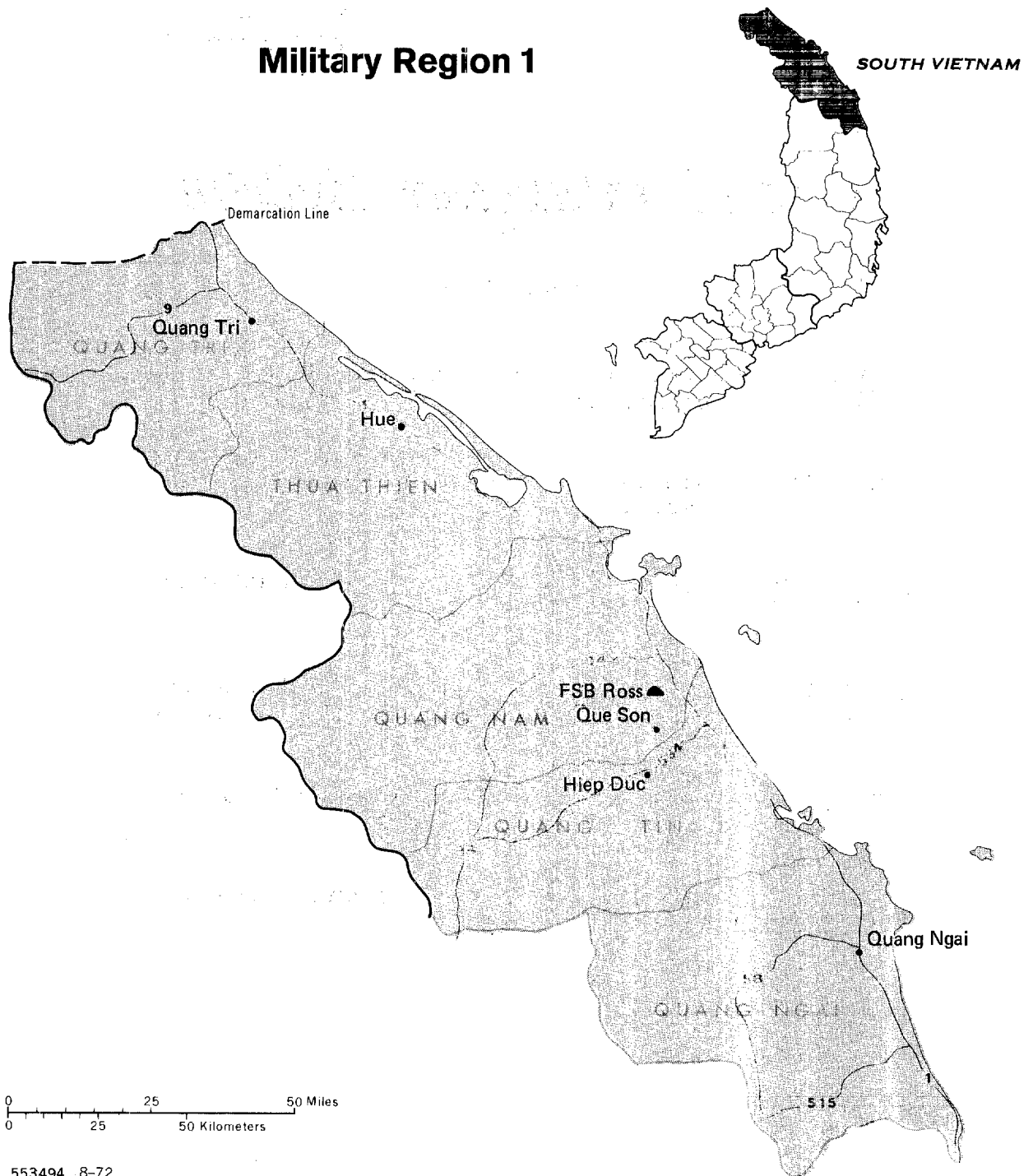
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VIETNAM: Government troops have launched a counterattack in Quang Nam Province to retake positions captured by the Communists over the weekend.

South Vietnamese regulars, backed by heavy air support, reportedly were encountering moderate enemy ground resistance and artillery shellings yesterday and had progressed to within five miles of Communist-held Que Son district capital and Fire Support Base Ross. As many as five 130-mm. field gun positions, evidently used by the enemy during the attacks, have been spotted near Hiep Duc, in Quang Tin Province, about 12 miles southwest of Que Son. In addition, US pilots have discovered a newly constructed road in the nearby mountains of western Quang Tin Province, close to the junction of Routes 14 and 534. The new road may serve as the supply line for the 130-mm. guns as well as for North Vietnamese forces in adjacent Quang Nam.

Farther north, in Quang Tri Province, Communist artillery shellings continue at a high level, directed at South Vietnamese Marine and paratrooper positions. Scattered street fighting was reported in both the northern and southern sectors of Quang Tri City on 20 August, but little ground was gained by the government. Some fighting also occurred around major government strongpoints west of Hue on 20 August. South Vietnamese regulars in this area captured some 28 tons of ammunition that were emplaced close to government lines.

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The rainy season is now well along in North Vietnam, and the country has so far escaped extensive flooding. Aerial photography up to 13 August

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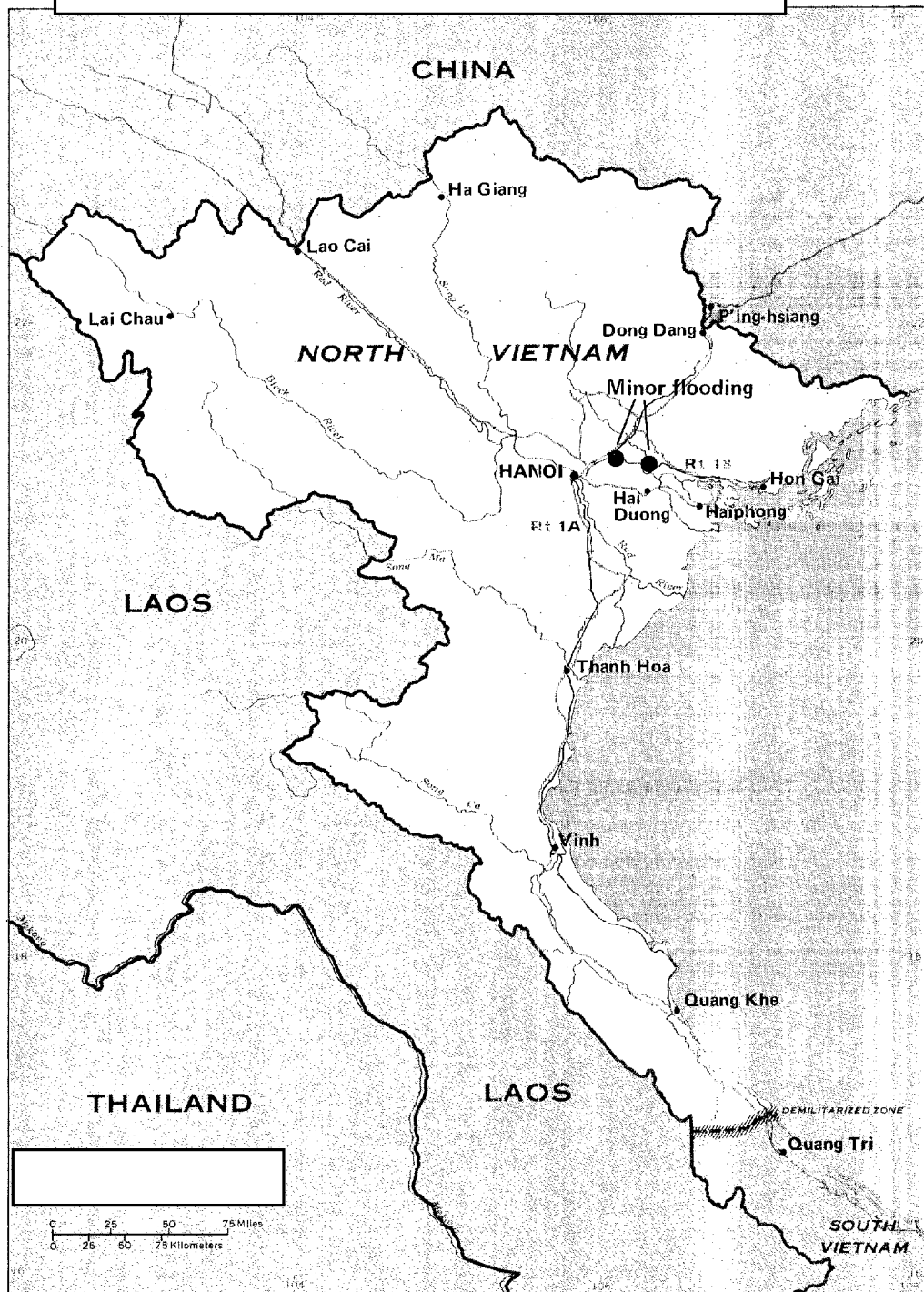
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~~(~~ indicates that the flooding noted in lowland areas north of Hai Duong in late July has spread to new areas along a 15-mile stretch of the Cao River. There has also been some flooding west of Hanoi in lowland areas between the primary dikes, but no significant damage is apparent. On the whole, the dikes themselves appear to be under little pressure. None of the flooding can be attributed to bomb damage.

[redacted] the rivers are no higher than normal for this time of year. Probably as a result of both the diminished flood threat and the regime's success in strengthening the dike system, Hanoi's news media have cut back their propaganda on the flood danger. [redacted]

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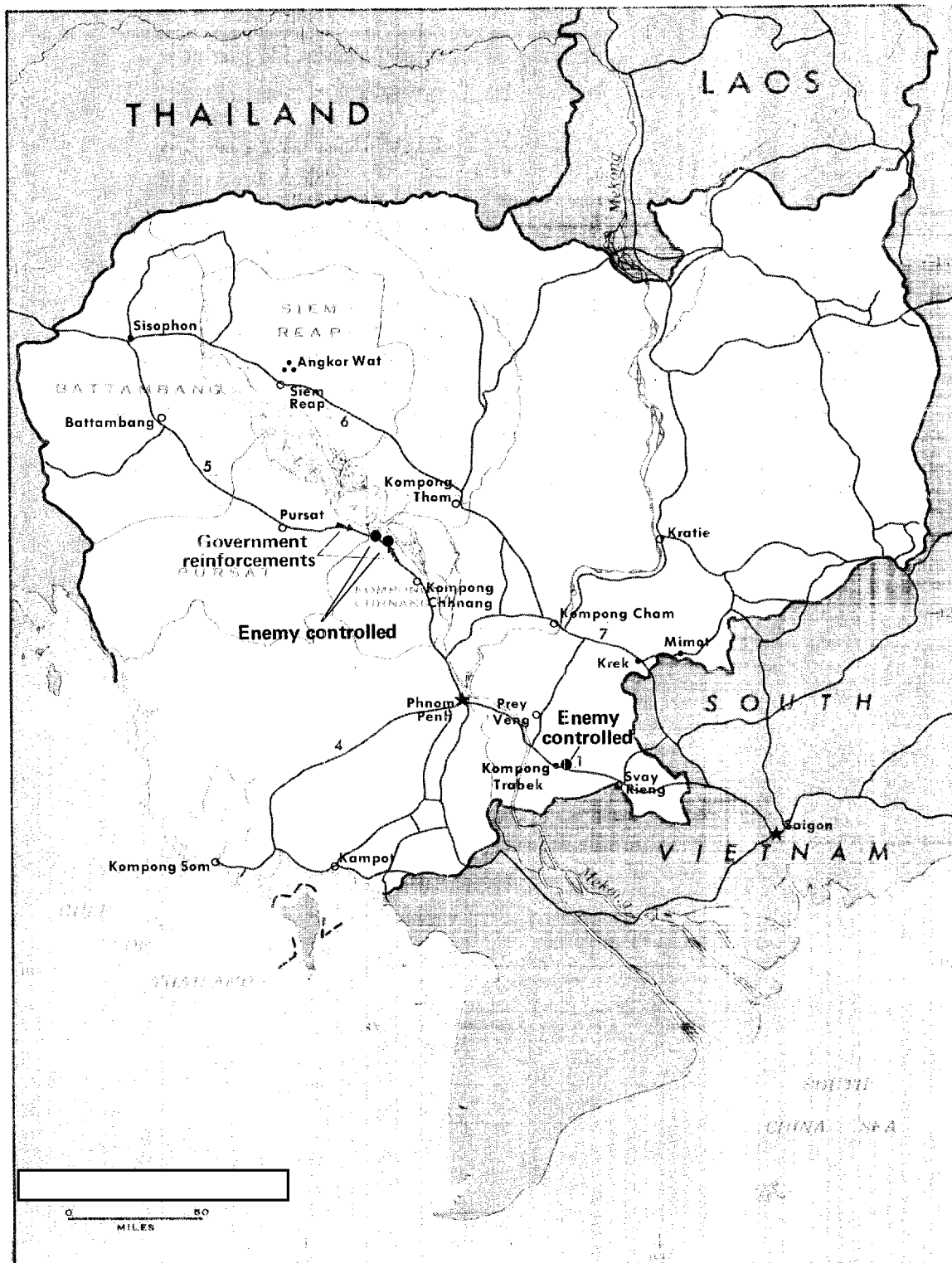
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CAMBODIA



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CAMBODIA: South Vietnamese and Cambodian forces appear to be closing in on the town of Kompong Trabek on Route 1.

Three South Vietnamese battalions moving on Kompong Trabek from the southwest linked up early yesterday with the five government battalions that have been pinned down by the Communists on the outskirts of the town for the past two weeks. The Cambodian/South Vietnamese column on Route 1 that has been stalled just west of Kompong Trabek hopes to join these forces soon to make a combined attack on the town. Enemy resistance around Kompong Trabek apparently is still being spearheaded by elements of the Communists' 5th Division.

In the northwest, government troops launched operations to reopen Route 5 by retaking two outposts overrun by the enemy on 18 August near the border of Pursat and Kompong Chhnang provinces. Yesterday a government relief force from Pursat advanced to within five miles of one of the outposts. Cambodian reinforcements from Kompong Chhnang involved in the clearing operation have met some enemy resistance.

Phnom Penh can ill afford any prolonged closure of Route 5, since the capital receives most of its rice over the highway from Battambang Province. In the past, enemy actions against Route 5 have not been particularly disruptive. The latest attacks suggest, however, that the Communists may be planning to exert greater pressure against the highway. Enemy forces involved in the current fighting probably are predominately Khmer Communist troops.

Meanwhile, the other major highway in the northwest, Route 6, is once again open to Siem Reap, enabling the government to bring in fresh supplies and troops. Cambodian units at Siem Reap are still trying to organize operations to regain the positions in the Angkor Wat area that they recently lost to the Communists.

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PHILIPPINES: A ruling of the Philippine Supreme Court has cast doubt on the future status of American corporate and land rights in the Philippines.

The court has held that the rights to land and business interests acquired by American citizens and corporations under a 1946 amendment to the Philippine constitution will expire on 3 July 1974, when the amendment itself expires. Total American investment in the Philippines is estimated at \$1 billion, and a significant portion of this would be affected. Prior to the court's decision, many hoped that, although future acquisitions would be barred, existing US interests could be retained.

The court's decision did not address the question of the timing and procedures for the dissolution of American rights. The majority floor leader of the Philippine Senate is arguing that such details are for the existing congress to decide, and he is filing a bill that would revert the affected property to the Philippine Government. Since the Philippines is in the process of drafting a new constitution, however, the whole issue of the future of American rights probably will have to be resolved by the current constitutional convention. President Marcos, who controls the convention, will doubtless try to use the now-precarious position of American business interests as a bargaining lever in his campaign for a favorable renegotiation of trade and economic agreements with the US.

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LIBYA-UK-MOROCCO: Prime Minister Jallud's denunciation of the UK for refusing political asylum to Moroccan rebels will further disrupt Libya's relations with London and Rabat.

Over the weekend Jallud delivered an anti-British diatribe to a public rally in Tripoli protesting the British refusal of political asylum to Moroccan rebel pilots who fled to Gibraltar. Jallud praised an attack earlier in the day on the British Embassy by some 500 to 600 Libyans. He promised support for the Moroccan people in their efforts to overthrow King Hassan.

Jallud's harangue--delivered in typical Qadhafi style--suggests that the new prime minister may be as intemperate as his leader in the handling of foreign relations. His sanction of the attack on the British Embassy will certainly upset recent attempts by the new Libyan foreign minister to improve relations with the UK. Libya's relations with Morocco have been severely strained since Qadhafi gave verbal support to the 1971 attempt to overthrow King Hassan. This newest denunciation of the Moroccan monarchy may lead to a complete break in diplomatic ties and an increase in the vitriolic press and radio war between the two countries.

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SOMALIA: President Siad's campaign to strengthen his position at the expense of the ruling council could trigger strong reactions.

During the past month, Siad's speeches and messages backing him have dominated the local press. The government also has staged large demonstrations calling for unlimited support for the President and his policies. Last week for the first time Siad issued a decree in his own name rather than in the name of the council. The decree, which removed the government's political indoctrination centers from the control of the Information Ministry, substantially undercut the authority of the minister, one of Siad's chief rivals on the council.

Since coming to power in October 1969, Siad gradually has strengthened his grasp on the reins of government. His authority still is far from absolute, however, and his recent actions may provoke opposition from the more aggressive members of the council. Siad continues to face plotting and maneuvering from within the factionalized government hierarchy.

Siad also could encounter resistance to his recent attempt to promote Marxism-Leninism as the model for Somali socialism. This probably will be unpopular with large numbers of Somalis who see socialism as being incompatible with Islam.

Nevertheless, Siad has proven to be a resourceful leader. Should he emerge from his campaign believing his position has been strengthened, high-level government changes are likely. [REDACTED]

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SWEDEN: Stockholm is attempting to play down its recent increase in aid to North Vietnam to head off any serious US reaction, but it will persist in its criticism of US policy to retain domestic political support from the left.

Rolf Ekeus, a senior aid to Foreign Minister Wickman, told a US diplomat on 18 August that "no anti-American" sentiment was attached to Sweden's recent decision to increase humanitarian aid to Hanoi for fiscal 1973. The boost from \$15 million to \$18 million was consistent with the annual increase in total Swedish foreign aid, he said. Ekeus implied that the transfer of more than \$30 million in earmarked reconstruction funds from escrow to an active aid account was due to a change in Hanoi's thinking regarding the duration of the war. He claimed that as late as last spring the North Vietnamese seemed optimistic the war would soon end, but that recently they have indicated that they expect it to last another two or three years. Hanoi apparently would rather have the funds available now than wait until hostilities cease, he said.

Ekeus said that Prime Minister Palme and Wickman would feel constrained to continue the present line on Vietnam in order to woo the domestic left. He mentioned the party hierarchy's need to strengthen its position with the left wing at the Social Democratic Party congress in October. Furthermore, Wickman can be expected to criticize US policy at the UN General Assembly in the fall. Ekeus commented that Wickman probably could get by with only a "brief mild" statement at that time because "it would not be appropriate to say more on US soil."

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